

MTN eyes top spot

By [Stafford Thomas](#)

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Few Ugandans have access to a bank branch or an ATM. But most do have a cellphone within easy reach - and this reality is driving the world's fastest-growing mobile payments service, MTN's Mobile Money.



Launched in March 2009, the service has attracted 890 000 MTN subscribers, says MTN Uganda's head of mobile money, Richard Mwami. The number of users will hit 2m by year-end and 3,5m - more than one in six MTN Uganda subscribers - by 2012, he predicts.

MTN's benchmark is UK mobile network operator Vodafone's M-Pesa service, offered by Kenyan operator Safaricom. With 9,5m users - 40% of Kenya's adult population - M-Pesa is described by GSM Association, the global mobile network operator body, as the world's most successful mobile payments service.

After one year, adoption of MTN Uganda's payments service exceeds that of M-Pesa at the same stage, says Reg Swart, senior vice-president of Cape Town-based Fundamo, technology supplier to MTN's project. Over US300m in transactions have already been processed, he adds.

A key factor in the Uganda success is marketing through 2500 representatives, says Mwami. Direct contact and educating subscribers are critical to growing the service. Also vital is easy access to cash remitted to users, or enabling them to convert cash into e-money, he says. This is achieved through agents such as village shop owners. Mwami says it is "a good proposition" for agents. He explains they earn commission on transactions and receive liquidity management assistance from MTN's banking partner, Standard Bank's Stanbic Bank Uganda unit.

Mwami says MTN is applying lessons it has learnt in Uganda in other countries where it is rolling out the most ambitious mobile payments initiative yet undertaken by a mobile network operator. In addition to Uganda, the service is running in Cameroon, Rwanda, Ghana and Côte d'Ivoire, and it will be up and running in four other African countries in the second quarter of 2010, he says.

In MTN's sights are payment services to its 116m subscribers in all 21 countries where it operates. "What MTN is doing is amazing," says Swart. He says the company is positioned to differentiate itself significantly from rival mobile network operators, something not yet fully appreciated by analysts.

Source: Financial Mail

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